ARKANSAS TEACHER RETIREMENT SYSTEM

February 23, 2009

Senate Bill 165

ADDITIONAL INFORMATION AFTER AMENDMENT No. 4

Amendment #4 was added to SB 165 today. This amendment was added by Senator Gene Jeffress (not an official ATRS amendment) and expands the window for career employees to qualify for the 30-day waiting period before returning to work for a covered ATRS employer.

Previously, this window was open for all July 1, 2009, ATRS Retirees, and any T-DROP participant who had 8 or more years of T-DROP participation on July 1, 2009. **The window is still open for all July 1, 2009, ATRS retirees to have the 30-day waiting period before returning to covered employment.** Amendment No. 4 expands this window to cover a larger group than T-DROP and makes the window open at any time a member qualifies, not just at this time. Amendment No. 4 provides:

Any ATRS retiree with a combined total of 38 years or more (in any combination) of:

- **Credited service in ATRS**
- **Participation in the T-DROP plan**
- **Reciprocal credited service in another eligible state retirement system**

Shall have a 30-day separation period from the member's effective date of retirement before the retiree returns to work in a position covered by ATRS. This provision is effective for any date in the future, not just July 1, 2009. For instance, if a member now has 27 years, then in 11 years the member could separate with a 30-day separation requirement.

If the retiree is age 65 or older, a separation period is not required, and the 65 year old retiree does not have to separate from employment, even for one day.

PREVIOUS INFORMATION ABOUT SB 165 DATED FEBRUARY 18, 2009:

February 18, 2009

SENATE BILL 165

ADDITIONAL INFORMATION AFTER AMENDMENT No. 3

Amendment #3 was added to SB 165 today. This was an ATRS sponsored amendment that does two things:

1. Changes the title of the bill to be less confusing. The new title is:

   "To adjust the amount of time a retired member of the Arkansas Teacher Retirement System shall remain retired before returning to covered employment."

   The new title clarifies that 180 days are required to meet the separation requirements for retirement before returning to covered employment; and that this bill **does not** affect the current process of receiving the first benefit payment 30 days after the effective date of retirement.

2. **Creates a special opportunity for those members who retire on or before July 1, 2009:**

   - No 180 day waiting period before returning to covered employment, only 30 days
   - No ATRS Earnings Limitation

   Since the effective date for the 180 days of separation from covered employment is July 2, 2009, under Amendment #3, and all other provisions of the bill are effective July 1, 2009, a member who retires on or before July 1, 2009, and waits at least 30 days from the effective date of retirement before returning to covered employment will receive regular retirement benefits and will not be subject to the ATRS Earnings Limitation. Some members who were planning to retire on July 1, 2009, had made previous arrangements to return to covered employment after a 30-day waiting period prior to this bill being introduced. ATRS did not want to interfere with those arrangements. In fact, those retirees will get an added bonus of **NO ATRS EARNINGS LIMITATION.**

FREQUENTLY ASKED QUESTIONS

Q. If I retired **before** July 1, 2009, and am currently working under the ATRS Earnings Limitation, do I have to separate from my current covered employer for an additional 180 days before returning to covered employment if this bill passes?

A. No. A 30 day separation is the time that applied on the effective date of your retirement. By being retired, previously separating for 30 days, and working for a covered employer, you have met the separation requirements. No additional separation is necessary if the bill passes into law. You will no longer work under an ATRS Earnings Limitation, you will owe no contributions to ATRS, and you will not have to separate for an additional period of time.

Q. As a participating ATRS employer, if I hire ATRS retirees on or after July 1, 2009, what employer rate will be required?

A. **The employer rate after July 1, 2009, will be a uniform 14% for all employees of ATRS covered employers.** Employers will pay a uniform rate for active members, retirees, and for members participating in the T-DROP plan. If the bill passes into law, the retirees will no longer work under the ATRS Earnings Limitation, and the employer rate of 14% will be required for all retirees you employ. The retired employee will not pay any contributions to ATRS.

Q. If this bill passes, will there still be waivers for retirees who work in critical shortage areas?

A. No. Since the ATRS Earnings Limitation will no longer exist, if the bill passes there will be no Earnings Limitation to waive, and there will no longer be a 20% employer rate for members working under the waiver law. The rate will be the current employer contribution rate, which is now 14%.

PREVIOUS INFORMATION ABOUT SB 165 DATED FEBRUARY 12, 2009:

CLARIFICATION OF CURRENT LAWS

AGE 65 STATUS

Under current law, at age 65, an Arkansas Teacher Retirement System (ATRS) vested member (at least five years of service credit) may retire, begin drawing his or her retirement annuity payment, and receive the T-Drop distribution (lump-sum or annuity) without terminating employment (even for one day) and NOT be subject to the ATRS earnings limitation.

AGE 60 STATUS

Under current law, at age 60, an ATRS vested member may retire, begin drawing his or her retirement annuity payment, and receive the T-Drop distribution, however;

- The member must separate from service for at least 30 days beyond his or her effective date of retirement, and;
- Is subject to the ATRS earnings limitation, if he or she returns to ATRS covered employment.

PROPOSED CHANGES

This bill eliminates the ATRS earnings limitation for all retirees. This means if an ATRS retiree who is under age 65 returns to work for a covered employer after termination requirements are met, there is no reduction on the ATRS retirement annuity due to an ATRS earnings limitation. Termination requirements would be changed to a 180 day wait-period before returning to work for an ATRS covered employer. This does not mean the retiree does not get a retirement benefit payment for 180 days, it means the retiree is not considered retired if he or she returns to work in a position covered by ATRS within 180 days from the effective date of retirement. If that should happen, the retirement benefits would stop, and the member would be required to pay back benefits he or she had received.

T-Drop members with 8 or more years of T-Drop participation as of July 1, 2009, would be excluded from the 180-day wait-period. For T-Drop members with 8 or more years of T-Drop participation as of July 1, 2009, the return to work waiting period would remain at 30 days.

************Amendment No. 4 eliminates this provision************

The bill requires employer contributions to be paid on all ATRS retirees who return to work for covered employers, regardless of age, at the current employer contribution rate in effect at the time of employment.

This bill would also require the employer-matching rate for all T-DROP participants to be the current employer rate in effect for all other members.

NO CHANGES TO THE FOLLOWING

The period of time between a member's retirement effective date and receiving his or her first benefit payment remains unchanged at 30 days.

There would be no changes for the ATRS vested member who retires after reaching age 65 years.